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The California Manufacturer and Eastern Competition

he natural evolution of the State from an agricultural into a manufacturing community shown to be held in abeyance by artificial wage rates and conditions imposed upon employers by unions. Helplessness of the California manufacturer in the field of competition through these influences, and the inevitable passing of the important manufacturing industries of the State unless the employer shall assert control of his establishment and place his labor on a basis of free industry. Artificially high wages shown to be of no benefit to the laborer receiving them, while the consequent narrowing of the industrial field suppresses business and produces ever increasing numbers of idle workmen. The remedy and proper line of operation presented, and the vast opportunity at the hands of the manufacturer in supplying the local and over-sea trade, considered.

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BY

JOHN E. BENNETT

OF THE

SAN FRANCISCO BAR

Issued by
BUSINESS MEN'S ECONOMIC ASSOCIATION

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WRITINGS OF JOHN E. BENNETT

PAMPHLETS

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Being a discussion of the Political and Industrial direction of the United States under the influence of prevailing economic forces, and statement of the causes thereof, and the means to avert the conclusion to which those forces are proceeding.

Together with an Address before the Chinese Students Association of America at its Convention held in San Francisco in January, 1914,
upon

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(A REPLY)

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70 pp.

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THE CALIFORNIA MANUFACTURER AND EASTERN COMPETITION

By JOHN E. BENNETT

The A company of Los Angeles was in the market for the purchase of a quantity of machinery and received from the X company of San Francisco offers to furnish the same. The price proposed was \$8,450. While the matter was pending, and before final arrangements, the Y company of Chicago made an offer to furnish the same apparatus for \$200 less than the San Francisco house. Although the latter company had figured exceedingly low, yet it fell in price to meet the offer of its competitor. Whereupon the Eastern agent wired his house and received the authorization to cut the price to the extent of \$800. As this sum would have been \$500 less than the San Francisco company could have put the goods on the car for, it was compelled to withdraw and its Eastern competitor got the business.

Shortly following this incident the Z mining company, operating in Mexico but having its offices in San Francisco, an enterprise moved through California capital, was in need of machinery upon which the X company made an offer. The price made was \$4,150. The proposal seemed satisfactory and was about to be accepted when the H company of Wisconsin, hearing of the matter, made an offer to furnish the equipment for \$1,000 less than the California concern, and give \$1,000 worth of extras on one year dating, and got the order. This occurred notwithstanding the X company had previously furnished to the mining company three mills, of which the new purchases were counterparts, and which prior mills had given entire satisfaction.

The X company, finding their concern bested in their own field by two competitors with works located many miles from California, began to investigate the condition of manufacturing in the State to ascertain, if possible, how far other businesses than theirs were affected in supplying the trade of this locality by Eastern competition. It was found that many lines were complaining of similar experiences. These embraced the entire iron manufacturing industry, the lines of many fabrics, and numerous articles and substances of building material. In short, there was scarcely a field of manufacturing which Californians had entered that had not either been supplanted and extinguished, or was menaced by the manufacturer's agent.

In conference with the representatives of various establishments the narrative of the X company's experiences was paralleled and dis-

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counted by stories of episodes of the most flagrant character. It was the concurrent opinion of this conference that unless the manufacturer of California could stand at the door of the purchaser on an equal footing, as regards cost of product with his Eastern competitor, the day of fabricating in this State of any kind of output that it would be worth the while of an Eastern concern in a similar line to put a bid upon, was at an end.

That there were differences between the bidders in their respective costs of production was manifest; and the question arose how to equal these. It was conceived that the California factory was subject to the payment of various State taxes and other charges from which the Eastern concern, not producing here, was free. Such taxation was an overhead increasing cost of the product. Accordingly it was proposed to see if there could not be devised a protective tariff in favor of the local manufacturer and against the Easterner in the form of a license tax upon the foreign agent, or that the product which he shipped into the State might be in some way subjected to a tax equal at least in amount to the differential in cost of producing such product.

The Business Men's Economic Association was appealed to by the manufacturers to give an opinion upon this matter and show what was possible of being done in the premises for the saving of their enterprises and others of the State similarly situated.

The inquiry is an exceedingly important one. The pressure of interstate competition has long been felt in California, at no place quite so great as in San Francisco and by those factories about the bay. Many factories heretofore in existence amongst us have succumbed to this antagonism. The condition is not favorable to the starting of new factories in this State. Some of those now existing have formed a Home Industry League, and are trying by working on public sentiment to move purchasers to favor home production rather than buy from outside concerns.* This influence, however, is favorable only to a limited extent: to what extent is, indeed, very doubtful. In the two cases complained of by the X company the Los Angeles buyer was a college friend of the X salesman and wanted to throw him the business, but could not bring himself to feel like making him a gift of \$800 in order to favor him with a transaction. In the San Francisco case the buyer was purchasing for one of the most noted and thorough-going of Californians: Colonel Dan Burns, a man who thinks as much of California as anyone in it, and who would do as much for advancing its industries as any of its public-spirited citizens. It is probable that

*The Labor Council delegated its executive officers to act in conjunction with the Home Industry League and Boilermakers' Union No. 25 in urging Mayor Rolph and the Supervisors to take action to compel the Board of Works to reconsider its decision to award to an Eastern firm a contract for boilers at the Relief Home. Communications from the Home Industry League and the boilermakers' organization protested against the policy of the Works Board and advocated the fostering of home industries. It was stated that no provisions had been inserted in the specifications of the contracts for an eight-hour day for the employees who construct the boilers and that this is a violation of the charter. The local firm bidding on the job was \$1,000 higher than the Eastern concern, but in view of the fact that the job is to cost \$12,000, this difference is not considered serious enough to discriminate against home industry.—San Francisco *Examiner*, April 13, 1913.

both he and his Los Angeles compatriot would be willing to join the Home Industry League, predicated as it is upon the principle of promoting the California manufacturer. But when it comes to the concrete transaction it is found that business is not sentiment, but rests upon solid rock bottom of economics. Men will push the line of cheapest and best as far as it will go, for to pay higher for goods of a like quality because we love the seller is love and not business, and business based on love soon goes to pieces. This law works as it ought to work, for the welfare of the entire of society. The fault is not with the law. We must bring our business into a condition that we can conform to it.

There is no way under the laws of the United States by which any impost can be laid by the State or any of its subordinate bodies upon anything shipped from any State or territory of the United States into California. This could not be done either by a direct tariff upon the goods, or indirectly through licensing an agent or his business. It is useless to cite authorities upon these propositions in this thesis. The cases can be found collated by those who wish to pursue this branch of the inquiry in 2 Digest U. S. Supreme Court Reports, title Commerce, page 1417. Such expedients have, by various statutory contrivances as the ingenuity of legislators have devised, been many times attempted, and always by the Supreme Court of the United States have been swept aside as in contravention of the constitution of the United States providing free trade between the States. This can never be changed as long as the constitution exists, for it is a basic incident and quality of the very political theory upon which the structure of that constitution is built, namely, the principle of human liberty. We now hear loud calls for the abolition of the constitution, and the assertion that it is a document interfering with the protection by the State of the citizen; that it was formulated to fit conditions in other times than these, and that its plan is not suited to the order of things created by the larger development of industry as obtains at present.*

There is no incident with which the economic history of the world is more filled than the great question of protection or free trade. What is now demanded in California against Chicago and Wisconsin was common all over ancient Rome, and is today existent throughout most of Europe. There are countries in which one may not carry eggs or cabbages from the truck farms without the walls through the gates of the city without paying tariff thereon; where almost every hilltop as you pass through the country is surmounted with the kiosk of the toll taker. During the middle ages of Europe it was the province of owners of estates, or signiors, to exact "octroi" upon all goods passing their domains. The clog that these impedimenta have administered to business, to the industrial rise of the people, has been one of the

*See my pamphlet, "The Industrial Unrest."

large reasons for the benighted condition of the lower classes of such countries as France, Italy, Spain, Portugal and some parts of Austria, while the countries pervaded by even a semblance of English enlightenment and liberty have abolished it. The remedy for our troubles is not to be found in proposals for laws that make it a crime for men living on opposite sides of a political boundary line to exchange the products of their labors. For the admitted evils that attend us we must look in other directions than this for remedy.

It would be proper that the out-of-state concern be placed upon an equal footing as regards taxes and assessments with the factory doing business within the State. For a while there was a variance between the two producing corporations in respect to the corporation license tax; but the legislature has now wisely repealed this pin-prick to business and that question is out of the way. For the rest, while the State may not charge a tariff upon commerce entering the State, it could lawfully relieve all factories within the State from taxation of all kinds, and instead levy a tax upon new material after it had been delivered to and become the property of the purchaser. This would be a tax upon the output of the factory sold within the State, and it would in like manner bear upon products of the foreign manufacturer placed within the State. It would not be a tax upon commerce, for the goods would be no longer in transit, but would have become a part of the common bulk of the property of the State, hence subject to State taxation, and the State has the power to say from what kind of property and in what way it will draw its taxation. If, under these circumstances the California manufacturer did not make the sale, he at least would not have to pay taxes in so far as that particular consignment of goods was concerned. If taxes were great enough to exercise a controlling influence in the situation, this suggestion might be effective; but they are not. All the California manufacturer could possibly benefit by the arrangement would be to the extent of remission of his taxes. If he sold no goods in California he would pay no taxes; the foreigner selling all the goods of the local man's kind in the State, would pay all the taxes which otherwise would be paid by the local man; but where the foreigner can pay the amount of the State ad valorem upon the goods and then undersell the local manufacturer, the shifting of the tax scheme would not avail to protect him from his out-of-state competitor, and this would be precisely the case. Still following the X company as an illustration, this concern sells in California \$150,000 of manufactured articles annually. It pays in taxes of all kinds to State and county governments \$5,000 per year, or $3\frac{3}{4}$ per cent upon its California output. We have seen that the Eastern concerns paid the freight on the goods to this State and sold them at 16 per cent cheaper than the X company was able to sell like goods. They could pay the tax and still beat the California concern by 12 per cent.

Manifestly we can get no relief in the situation by meditating schemes of taxation either to advantage the home man or to repress the foreigner. We must turn our thought to our own condition and consider why it is that he can sell cheaper than we can make. There are three elements which enter into production, viz: land, capital and labor. Land comprises the site of factory and offices and its charge is represented by rent; capital covers all other elements except labor and is represented by interest, and labor is paid for in wages. The rent of the factory site can be gotten as cheaply in California as in the East; interest is no higher here than there, and the capital account required to conduct business is smaller; buildings do not have to be as substantially constructed here as there by reason of more favorable climate, and fuel oil and hydro-electricity is a cheaper fuel, light and power than most factories possess. The freight on raw material shipped into the State is not as great as the freight on the finished product so shipped in, and when the matter is examined it is found that the real trouble with the California manufacturer arises out of his third element, his labor. Wages are from 15 to 35 per cent higher in the California factories than is the case in Eastern States. This is expressed in not only actual coin paid, but in shorter working hours, in limitation of output, in loading industry with supernumerary employees brought about by highly artificial subdivisions of labor on the job or in the shop, and by many regulations imposed by the employee upon the employer, which gives him very little to say about his labor except to pay it. The force through which all this is effected is the labor union, in the hands of which California industry is tied tighter, it is believed, than is the case in any other industrial region in the country.

The question arises, how can this condition be changed, and can it be modified without injury to the laborer? Very certainly if we can bring about a state of things in which industry is active, business brisk, everyone having all they can do and all making money, in which there are more jobs than men and none are unwillingly idle, notwithstanding new laborers are constantly arriving in the State in large numbers; in which the harbor is full of ships, the warehouses full of goods, the banks full of money which they freely lend, where every line of enterprise is vital and bonyant, the development of the State going forward by leaps and bounds—if there can be in the gift of Heaven such a condition as this possible to California, then it would seem but a matter of common sense to study and get familiar with the ways and means of bringing it about.

My reader, I assert to you with all the emphasis which my voice can bear or my pen impress, that this condition is not only possible, but that it can at any time be called into existence, called almost at once; and that if it be not brought about through change of the direction in which the trend of affairs is now moving, times will not only get

harder as the months or years go on, but they will find their fruition in that relief which Nature always provides to stop the course of the passing of civilization and in its defense, namely, war.*

Let us then explore the field of the influences with which industry in California is environed and see if we can acquire an understanding of its complexities. And let it be remarked that in considering any economic or sociological phenomenon or postulate, such is never proven beyond controversy. Every such doctrine or statement is polemical. Nothing, however clearly reasoned or abundantly shown, is beyond denial by a considerable class as to the correctness of its conclusions. There are hundreds of thousands of people in the world today, many of them in the United States, who will tell you with elaboration that human slavery as an institution is proper and for the highest benefit of both the enslaved and society. There is not the slightest doubt that did not the law forbid, large numbers of native born citizens of the United States would gladly sell themselves into slavery at the present time for the sake of the money payment and of being relieved of the responsibility of caring for themselves. Dueling, though denounced by the law, has thousands of advocates who stoutly assert that such matters of honor are private affairs between gentlemen, and society has of right nothing to do with it, hence all laws passed for its suppression are wholly vicious and infringements upon the liberties of the citizen. The years have not run far into the hundreds since the taking of interest for a loan of money was regarded as most immoral, a thing which no Christian could be permitted to do, an abomination tolerated only in the Jews, whose characteristic badge of degradation was that they were usurers. When through such practices they accumulated means they were ruthlessly robbed by the petty potentate to whom they were subject, who felt no qualms in stripping his victim of wealth acquired in such a manner. And today the great Socialist party movement, rampant the world over, has as one of its pillars of support condemnation of the principle of taking interest. "Rent, interest and profit," the trident of iniquities upon which, to their concept, the whole of industrial society is spitted over the fire for the feast of the "capitalists," the only remedy for which is to supplant liberty with the State, to substitute for individual initiative, initiative moved by the political head. It is not surprising then in this day to find fevered disputation upon every economic proposition which has not yet passed into practical application through the medium of law, and even as to many which have so passed. I tell in the "Industrial Unrest" of a distinguished convocation in San Francisco, presided over by the Governor of the State, which devoted an evening to assertion and approval of the plerophory that the constitution of the United States was out of date and wholly unsuited to perform the functions of such a document in the civilized

*See my "War and Business."

development of the last two decades. What is there about economics that should make its decrees subject to doubt? Does not the human mind move in its processes upon principles of law? If two and two make four today will they tomorrow make six? Is it not true that if there be a premise and another premise the deduction from them, when the mind turns toward them, will be always the same, whether the time when it is applied be a thousand years ago or now? "Plants are without locomotion; a tree is a plant; hence, a tree is without locomotion." Can this syllogism ever work out other than as stated? And yet political economy is just that thing. Take your hand glass of logic and crawl over the map of human affairs in their public aspect, and wherever you focus it you will get an answer with just the certainty that you reach the conclusion from the major and minor premise. There is no difficulty or doubt about correct results in the politico economic region if you do valid thinking, if your reasoning be accurate, and if your field of facts be sufficiently broad to take in all the proper components of your problem. Those people who arrive at protection, at progressivism, at socialism and there stop, have simply not pushed the reasoning process to embrace all the facts within the true scope of the field. They are blind guides, better indeed, than no guides at all, for the merit of such pilotage is at least MOTION, and we shall not stagnate upon a painted sea and rot in stillness. Let our Socialists be up and doing; the gauntlet they throw to the ground must be taken up; for by clash can the light come forth, the illumination which is to show us clearly and fully our true destiny. It is God's scheme that the tenets of political economy shall always be opposed. Such enhances concern and insures their application, for it is the law that truth when seen will prevail. Those tenets will be applied when the leaders of thought, having the confidence of a majority of the citizens, realize their truth. There will always be a minority who deny their several assertions. It is to be hence expected that in such a question as protection or free trade, there should persistently be protectionists, notwithstanding the very life of the nation, as in England, depends upon the enforcement of free trade, and this fact be recognized by every two out of three of the people.

When settlement first enters a new territory the earliest industries are those which can be gathered from the soil with least effort. This embraces wild life, both vegetable and animal, and those minerals or metals which have value to society immediately they are brought above ground. Hence animals of the chase, fish from the streams and such pursuits as gold mining will engage the activities of the earliest settlers. Almost simultaneous with this arises agriculture. Seed is sown, trees are planted and towns come into existence as centers for exchange of the surpluses of such products for products not produced at farms or mines, but needed nevertheless by the workers. As these early indus-

richer in extent and variety, an excess arises, greater than can be consumed within the community; this seeks a market in regions beyond the boundary of the home territory; hence shipping transpires. This product may be sold in the foreign market for money; but it is very obvious that what the community wants from the foreigner is not money, but products; and the shipper himself has no use for the money except to exchange it for the commodities or service which he himself desires. Consequently imports necessarily follow exports, and if imports did not ensue, exports would not exist.

As the products from the soil or earth increase, shipping grows and population accumulates, the character of the industry of the community changes. Factories arise, and more and more the population takes on a manufacturing character. As manufactures multiply and expand in size, agriculture also changes its type. Instead of growing wheat close about the towns, the towns having become cities, wheat growing is pushed to the back lands, and gardening occupies the erstwhile sites of grain; fruits and viticulture come forth, and presently there is no room any more for wheat growing, but wheat is brought from the regions of the world where population is sparse, and conditions favorable for its culture. Thus the great plains of South America and Canada become tributary to the factory towns. The men in those towns occupy their labors in a higher form of industry than growing wheat, and they exchange the products of their labors for those of the farmer in Argentine. There can hence be no such thing as a State becoming overcrowded, if economic forces be permitted to have their free course; for as population increases so that it would become overcrowded if its consumption were limited to its own area, the nature of its industry changes, and the widened domain of the world appears ready to respond, in return for the services of the multiplied people expressed in other forms.

This idea of goods coming in being paid for with goods going out, and if you stop imports you have no exports, and vice versa, simple as it seems, is very perplexing to many. It is precisely at variance with the idea of the protectionists, who think that foreign trade consists of sending out goods and getting back gold; and that just in degree as foreign trade takes on this character is it beneficial or harmful to a country. We hear from them much talk about the "balance of trade" being against us or in our favor; that is, if we get in more goods than we send out this, singular as the perversion may in fact seem, is by them assumed to be a harm to the country; for it then appears to them that we have been buying goods abroad and not at home, and in so buying we have been guilty of the vice of "sending our gold out of the country," and this, it is further assumed, is "the unkindest cut of all," for if we send all the gold out of the country, then, if this reasoning be correct, it must follow that business would cease, all industry would

subside and no one could do any order of work that entailed service upon his fellow, whereupon society would at once disband. A mere statement of these apprehended disasters is sufficient to show the error of their assertion. Work would not stop if all the gold were sent out of the country, and indeed, little inconvenience would be felt; the reason therefor is that what things are bought with is not gold, but goods. The only use for gold, aside from its few commodity applications, is to exchange it for products or services. A man who has \$100 of gold has, therefore, \$100 of credit against society; society will balance that credit with goods or services. A ledger, were it big enough to keep the accounts of all society, would do the same thing, and money would not be needed. There was once a bank in Venice where the accounts of the whole community were kept. Gold was used only in foreign affairs. Internally checks solely were used, and business was carried on by the bank balancing accounts; goods and services were exchanging everywhere and the bank was the bookkeeper of the republic. To a very considerable extent this is common in business with us. It is stated upon authority that but 3 per cent of the business of the nation moves with money, and these are mainly the minor matters, the retail cash affairs; the balance proceed through commercial paper or book accounts in which merely the symbol of money is used. What passes in these transactions is goods, services or their tokens and this comprises trade. Gold, in its aspect of money, is therefore a portable bookkeeper, each man carrying his credit account with society in his purse, the debit side being in the shops and hands of the people.

Hence, when California sends forth goods to the outer world she wants goods in return. She does not want gold. We have had that fact sufficiently impressed upon us within the last six months. When the imports from Europe were shut off through her population being turned to war, there were those who were delighted that we should now have the opportunity of doing for ourselves what millions of helpful hands in Europe had theretofore been doing for us, and it was assumed that a season of great prosperity would come upon us because of that fact. We would be sending out goods and getting only gold. We noticed, however, that as the goods went out and the gold came in the gold declined in its purchasing power and there came upon us an era of high prices, which meant simply that gold was relatively more plentiful than goods. Let us continue to send out goods and get in gold, and we shall soon find that gold will lose practically altogether its ability to buy through its mere abundance in the country, the commodity quality of the metal not being able to hold its value up; and yet, strangely enough, as plentiful as it may be in the country, we may see very little of it around, because of the dearth of activities to bring it out—a subsidence which always attends high prices. Under such circumstances

this one-sided trade would soon stuff itself out, and we should then have a clear vision of the mud bottom of the protectionist theory.*

Seeing, then, that trade issuing from this California town, call it San Francisco or San Jose or what you will, and going abroad, whether it be across the ocean or across the bay, is sent thither for the purpose of bringing goods into the town, it then concerns us to have just as few clogs to, and restrictions upon, that transaction as possible; in other words, that exchange should be made as free of costs as we are able to make it. If we were going to ship to San Diego, for instance, no one would think of shipping via Honolulu by water, or by way of Reno, Nevada, by land, for the purpose of increasing the cost of the freight before it should be delivered to the San Diego purchaser. Nor if we were importing from Hawaii would it occur to us that it were best that the ship should not come to the wharf, but that it should be hove to off the heads and lighter in its cargo, so that the expenses of landing might be increased. The natural course of business is to effect its ends by the most economical and expeditious means; to acquire our desires, in short, by the least possible expenditure of effort; and if when some of us who were engaged in shipping wished to move the State to construct wharves and dredge the harbor so ships might come in and lay alongside and discharge directly into the warehouses, we found ourselves opposed by the amalgamated or other aggregate of lightermen who put up an argument that if wharves were built and dredging done their industry would be ruined, that such industry now employed two thousand men, all native born citizens of the State, who had depending upon them 10,000 people, the same being all residents, that the industry yielded \$10,000 per day, in a year \$3,000,000, all of which money found its way into the tills of merchants in this State; that there was invested in properties of the industry over one million dollars, practically all of which would be lost if the threatened changes were made; that the effect of such changes would be to benefit no one but the foreigner, since by reducing the cost of his laying his goods down in San Francisco he would simply be so much more in pocket, and by lowering the cost of his getting his goods out of San Francisco he would only be saving thus much on his purchases here; in either event the San Franciscan would suffer. It is easy to understand how these arguments, made to men in a given stage of their mental development, would prevail, and we should be treated to the spectacle of continuing to do business in the most costly way because of our fear of harming ourselves if we should do it in a manne: manifestly better, more speedy and cheaper.

*It may readily be seen how the operation of this law may stop the war in Europe, if the process goes on long enough. Europe sends all her gold to the United States and the West to buy goods. Exhausting herself of gold she employs her credit and buys back again the gold with bonds. Presently she exhausts her credit, so that the \$100 bond buys little gold. This latter she is spending in a constantly rising market, so that it comes to pass that the gold buys little food and else. War in consequence comes to a standstill through sheer failure of the purchasing power of gold. We suffer in this condition also, for our prices are raised not only to Europe but to us. How long this phenomenon would require to work itself out I do not conjecture; but the direction is now on the high road toward whatever goal it is proceeding, and the war needs only to keep under way to demonstrate to the world the foolishness of the theory that a country is well off when it is sending out goods and getting in gold.

Yet San Francisco has been consistently advised by its newspaper and other press to conduct its foreign trade in just that way, and it has most uniformly voted that political ticket which stood for a national policy of dredging a harbor and constructing wharves to facilitate and cheapen the delivery of cargoes, then levying a tariff upon them for the purpose of discouraging their importation through making their landing expensive. And this tariff has been levied upon the assumption that if goods were made costly to get into the country, and their importation were hence lessened, thereby we would benefit, because then the opportunity to make those goods, which came into the country to supply a demand, would be reserved to our own people; we at home would have more work, and we would keep our gold in the country. It has never occurred to these Socialists that the coming in of goods was for no other reason than that goods went out, or were going out to pay for them, and that to prevent the goods from coming in was to prevent the goods from going out. That all that Hawaii had with which to buy the thousand things which she needed from the United States was what her people in the existing stage of their civilized development were able by their labors to bring forth, at present chiefly sugar and pineapples, and that Japan's situation is precisely the same, her genius, in so far as it has progressed, expressing itself chiefly in tea and raw silk, and if we did not take these things, or some other country did not take them and give her money, she could not buy machinery and else from us. That this state of things never changes; for even when those countries rise to produce many of the fabrications which we ourselves bring forth, the result will simply be that her demand upon us will increase, for her needs will have become greater, and the light of knowledge will have enabled her to send to us creations of higher value than she sends now. If the civilization of Japan were equal to or greater than our own, and she produced all the things that we produced, then there would simply be a larger and ever vaster trade between us. Our greatest trade is with the nations who are highest civilized, who are developed like ourselves. In nothing does England more excel than in the manufacture of textiles; of these she sends us enormous quantities; and yet we send her textiles of our own manufacture in great quantities; the reason why we thus send her is due to variation in kinds and qualities; and it is upon such variations that trade is built. These considerations, it seems, do not occur to the protectionist, who is repeatedly bringing forward the statement that if we do not keep foreign goods out of the country, such commodities will enter, and by competing with our own manufactures drive them out of business through underselling them in this, our market. The means by which the foreigner can do this, it is asserted, is through paying his labor less than we do ours, whereby he can produce at less cost than we can.

There is some truth in this, though not to the extent that is commonly supposed. It is the quality of civilization that those possessing it have a power over nature which the less developed do not have. This expresses itself in the ability to force nature to fill our desires by less expenditure of effort. Although the Oriental in his own country may work for a few cents a day, we here work cheaper than does he. This is manifest, for we can lay down sawed lumber on the dock at Singapore at a less price than can the two coolies ripping the log with a double-end saw turn out boards at a wage of 10 cents per day; and yet in doing this we can pay our laborers three or four dollars per day, and in earning it they do not have to work half so hard as do the Malays in their occupation. The reason the Malays cannot earn more wages is because their product does not yield it. How could their employer pay them three dollars a day when in a whole day they do not turn out two dollars' worth of lumber? The Californian or the Washingtonian gets three dollars because the power of his hand has been potentialized by a machine, to wit: the saw mill and all the rotaries, reciprocating and other engines, systems and managements that go with it, which produces in a day with fifty men more sawed lumber than the Singapore operatives could turn out with a force two thousand strong. The work is less laborious and far more interesting than the Singapore work, and if it were proposed to a man on a saw in the mill to take him off that work and set him at the back and forth movement Malay fashion at the log, even at the same wages he is now getting, he would feel outraged and indignant, and well he might; and yet this same labor-saving machine was fought upon its coming into existence by predecessors of these same laborers, with the same vigor and onslaught with which they are now fighting the entire of industry through the union. The history of labor wars, in its multifarious episodes, contains no more bloody page than that of the frame-breaking riots of England, when the shuttle weaving machine was put to use in the first of the modern textile mills, and the laborer was thereby released from his hand loom with his foot treadle in his dirt floor and grass-roofed cottage, where he sat sixteen hours a day in the task of weaving a coarse fabric which comprised the product of the time, while he himself wore wooden shoes and a jerkin, bifurcated to provide a breeches. Had the laborers had their way they would have held the weaving industry and all industry forever to the level of the man at the loom. And today, in all directions you find hundreds of thousands of people, laborers and so-called non-laborers, who will tell you that the cause of all of this out of work condition is labor-saving machinery; that if such were done away with and the work given to men to do by hand, that everybody would be employed, for the work could be made to "go around," just as the recent eight-hour proposal was devised to make work "go round" by increasing the number of men necessary to perform a given job of work

in a given time; that is to say, to do the things in such a way as would increase their cost, to ship to San Diego by the way of Honolulu, to land cargoes by the use of lighters.

While it can be seen from the foregoing that there is nothing to fear from the so-called cheap labor of the Orient, or of Europe, for the reason that their cheap labor produces little, and as soon as it begins to increase its productions either in quality or grade, by the use of skill or machines, its wages rise, as has been shown to be the case in the cotton and other mills of China and Japan, the laborers getting at all times what the product can afford to pay them, yet it is nevertheless a fact that where wages are artificially high, as where they are fixed by unions without regard to economic law, goods from abroad, produced with wages at a lower cost, will undersell the goods of the home manufacturer. In this statement the protectionist is correct. The protectionist principle, therefore, goes along with wages artificially high. The union and the protectionist stand together, while the individualist and free trader are the same; and one of the most singular anomalies that we find in the controversial forum is the circumstance of the Socialist, who is properly a protectionist, being under his platform a free trader. The phenomenon of artificially high wages will, if they be held to, wreck the proprietor in the presence of competition from a region where wages are low. We have observed this in the case of the Eastern competitor to the California manufacturer. The latter instinctively turns against the man from Illinois just in the way that Congress turns against the man from France, that is, to place tariffs at the border. It can be seen, if prevailing conditions are maintained, how this influence must exert itself. The pressure of the people as a State, as population increases, to change from an agricultural to a manufacturing State, is very great; and they cannot do so in the presence of outside competition if wages within be artificially high. Hence they demand tariffs. The only reliefs are, first: for the unions to place all industries of the nation on exactly the same wage paying basis. The pressure would then be uniform over the nation, operating under a protective tariff keeping out the goods of the foreigner from competing. As the rise of wages occurred, invariably incidental to wages artificially fixed, the idle slough of labor thrown off of industry by the unions would fall against the land, where they might go to work, unless the high price of land kept them off. The problem would become acute as a land problem. If the price of land were held down by some force of law, few ill effects of the system would be felt in such a country as the United States for many years, whereas in a country like one of the Central American states, the condition would quickly become unbearable. In the United States the phenomenon would express itself in a sluggish but highly aristocratic manufacturing field, and a huge agricultural population, a state of things somewhat analogous to the condition of China; the manufactures being, however, much more highly developed. Second: for

the several employers to rid themselves of the union as a wage interference, and respectively exercise full control of their businesses, permitting natural law to take its course therein or, third; the states must break apart and the federal body be abolished, unless the constitution can be changed to admit of protective tariffs by the States, and when that is effected the States shall have broken apart and will be separate, independent sovereignties with their several petty kings, whether the "indissoluble union" be formally dissolved or not.

The Eastern manufacturer is not better off than the California factory except in the matter of labor and those incidents which appertain to labor. Given equality as to this the Californian can not alone best his Eastern competitor, but he can open the great markets of the Orient which are now shut to him with a clam-like tightness and rigidity. It is to the labor question that the Californian must address himself if he wishes to survive, if he wishes to put California on the plane of growth, to permit it to develop in its natural course toward a manufacturing state as its population increases, instead of being held back in an agricultural condition, and her thousands of laborers whose energies might be fruitful in the creation of wealth, held in idleness and permitted to become factors of public disturbance and decay.

With this change, however, effected, California would rapidly rise to her full industrial strength. The restoration of natural wages as against artificial wages would not solve all the economic problems with which the State is afflicted, which hold down production and create gross injustice in distribution, but it would solve the chief problem without which solution there is little use to attempt work on the others, and which when solved will clarify and intensify the other evils so they may be turned to with vigor and quickly gotten out of the way. For the present let us settle the labor question; and in doing this we shall do no harm, but only benefit to the laborer, not alone the out-of-work man, to whom will be given employment, but to the highly paid union laborer who thinks he is getting high wages, but who in truth is getting low wages, when he is receiving six or seven dollars per day.

There is no proper or justifiable reason for the payment by the California manufacturer of a higher wage than prevails elsewhere, even in the lowest paying wage State in the Union. Living in California ought to be the cheapest and best that exists anywhere in the world. In scarcely any country will you find more fertile soil; at no place is the climate more favorable to production of crops. Where can the laborer live where he has less expense for doctors' bills, or where less time is lost from work on account of weather? He requires less housing, less clothing in California than in other places of vigorous climate. Nature has lavished her gifts upon California. Why must wages be higher in this State than elsewhere in order for a man to live as well as men live elsewhere, and who pretends that the laborer lives better here, in a like grade of employment, than he lives in Wisconsin or in Ohio where a lesser wage is paid! Let such be the case, and the difference

would be very slight when California would draw the labor of the East, and no advertisement "Keep Away from California," or "Don't Come to San Francisco, Ten Thousand Men out of Work" which the labor unions might spread throughout the East, and no power they could bring to bear in this State, could hold back that migration, moved by a desire to reach, with the expenditure of their wonted effort, a higher plane of enjoyment of life.

Wages have always been higher in California than in the East. They so started with the settlement of the State and they have so continued. During the days of Chinese immigration, when we were commonly told, and it was popularly believed, that wages had been lowered through rivalry of the Chinese to a point where an American could live only on the scale of a Chinaman, wages were in fact averaging thirty-two per cent higher, and the cost of living was much cheaper, than in Eastern cities. Below is presented a summary of statistics appearing in a bulletin of the United States Bureau of Labor, taken from the actual pay rolls of twelve cities of the United States, including San Francisco, embracing nineteen trades and covering the period from 1870-1890. It is excerpted from "Chinese Immigration," by Mary Roberts Coolidge, p. 354:

COMPARISON OF MAXIMUM AND MINIMUM DAILY WAGES
OF 19 TRADES IN SAN FRANCISCO AND IN
11 OTHER CITIES, 1870-1890.

TRADE	Max. of 11 Cities	Min. 11 Cities	Range	Max. S. F.	Min. S. F.	Range in Cents	Ant. by which Min. of S. F. exceeds max. of 11 Cities
Blacksmiths.....	2.70	2.43	.27	3.80	3.33	.47	.63
Blacksmiths' Helpers..	1.59	1.41	.18	2.34	2.09	.25	.50
Boilermakers.....	2.69	2.41	.28	3.46	3.15	.31	.46
Bricklayers.....	4.13	3.00	1.13	5.00	4.00	1.00	.13
Carpenters.....	2.60	2.28	.32	3.85	3.09	.76	.49
Compositors.....	2.82	2.64	.18	3.54	3.27	.27	.45
Engineers (R.R.).....	4.02	3.49	.53	4.79	4.53	.26	.51
Firemen (R.R.).....	2.03	1.75	.28	3.06	2.54	.52	.51
Hod Carriers.....	2.20	1.58	.62	3.00	2.35	.65	.15
Iron Moulders.....	2.79	2.36	.43	3.71	3.40	.31	.61
Laborers (Street).....	1.63	1.45	.18	2.50	2.00	.50	.37
Laborers (General)....	1.57	1.40	.17	2.00	1.97	.03	.40
Pattern Makers.....	2.98	2.68	.30	3.89	3.15	.74	.17
Machinists.....	2.52	2.22	.30	3.36	2.95	.41	.43
Plumbers.....	3.15	2.79	.36	3.69	3.55	.14	.40
Masons (Stone).....	3.62	2.81	.81	5.00	4.83	.17	.21
Stone Cutters.....	3.64	2.66	.98	4.11	3.66	.45	.02
Painters.....	2.66	2.16	.50	3.72	3.00	.72	.34
Teamsters.....	1.95	1.71	.24	2.67	2.62	.05	.67
Averages.....	2.69	2.27	.42	3.55	3.13	.49	.93

The same phenomena obtained, however, in manufactures. In the boot and shoe industry the average wage was 22 per cent higher in California than were the wages in the industry in Maryland, and 46 per cent higher than in Ohio, the State paying the lowest wages in that line. In the woolen

manufacturing industry, wages of the various operatives ran from 35 cents per day less for the common laborer to \$2.40 per day more for the shearer, and \$2.30 more for the loom fixer and boss carder than was the case in eight northern States. In many of these occupations the Chinese received higher wages than were paid to white employees in the East.³ Comparing the table appearing on previous page with a similar table of wages of twelve cities including San Francisco, as shown by bulletins of the U. S. Labor Bureau for the year 1913, we have the following (see p. 19) :

It will be observed by this later table that in the decades which have followed those of the first table, wages have greatly increased. This phenomenon is not alone in California, but it obtains all over the United States.⁴ The increase will be fastest where wages are highest, and their upward trend will accordingly be accelerated here in this State. The reason for this ascending movement is solely the fact of wages being fixed, or their standard set, by labor unions without any regard to economic law. The rational operation of wages can no more be tampered with without untoward results than can any other expression of natural law. The result has been a general rise in prices which in turn has called for higher raises of wages, and so the process has gone on. As the cost of living rises, so must demands for higher wages occur; and, as stated, the higher wages become, and correspondingly the higher the cost of living, the shorter become the intervals when demands for higher wages become necessary. This operation is greatly accelerated by the concomitant movement of the unions in shortening the hours of labor, which is another way of raising wages⁵—the turning out of a less product for a given sum of wages, while the lowering of the degree of efficiency of the laborer through feeling himself no longer subject to discipline of the employer through the power of discharge, but that he is held in place by the strength of the union, together with provisions among the workers for limitation of output, are all contributing causes to increase cost of production and amount to raises of wages, though not taking the forms of money payments. Add to this the attitude of the unions toward the labor immigrant in holding the latter out of the country, whereby the prices of products of the farms keep rising through lack of efficient labor to produce them, and there is comprised a general condition of rising prices of commodities which ever presses the laborer who consumes these commodities to demand continuously higher and higher wage in order to hold to his prevailing standard of living. The effect of this, as I have explained in my prior writings, is to contract the territory of shipment of the product, and where this arbitrary power of the unions is exerted with various effect at different parts of the country, we have a condition in which an industry cannot hold its own against competi-

³See Coolidge, "Chinese Immigration," pages 361, 373.

⁴See table, p. 28.

⁵Raises of wages by shortening of hours occur, even where wages are paid on an hour basis and there is no increase per hour; which is seldom the case, as where demands are made for reduced hours, corresponding reduction of the day's wage is never conceded. The laborer first wants the pay; second, less working hours for the pay; he would rather work the full hours than that his pay be reduced. But even if there were an equalized reduction in pay with the shorter day, still the employer would suffer, because the product turned out in a day is less and the overhead goes on. This, of course, would not occur where the twenty-four hours are filled with shifts who work at an equal per hour wage, if any such case can be found.

WAGES IN 15 UNIONIZED TRADES PAID IN 11 CITIES OF THE UNITED STATES, AS SHOWN
BY BULLETINS OF THE BUREAU OF LABOR; U. S. DEPT. COMMERCE & LABOR. THE
CITIES SELECTED ARE: NEW YORK, PHILADELPHIA, BALTIMORE, CHICAGO, MILWAU-
KEE, ST. LOUIS, ST. PAUL, INDIANAPOLIS, NEW ORLEANS, OMAHA AND NEW HAVEN—
COMPARED WITH SIMILAR WAGES PAID IN SAN FRANCISCO, IN THE YEAR 1913:

TRADE	Average 11 Cities; hrs. per wk.	Wages per hr.	San Francisco hrs. per wk.	Wages per hr.	Excess of wages per hr. paid in San Fran- cisco, compared with the averages of 11 other cities.	Amt. by which wages in San Francisco ex- ceed those paid in av- erage of 11 cities per day of 8 hours.	Rises of wages in San Francisco since 1870— 90; treating first 5 period as covering 9 hours per day; excess above maximum thus paid.
Blacksmiths.....	52.02	\$0.4028	48	\$0.50	\$0.0972	\$0.7776	\$0.70
Blacksmiths' Helpers.....	52.02	.2399	48	.3750	.1351	1.0808	1.935
Boiler Makers.....	52.02	.3774	48	.50	.1226	.9808	1.04
Bricklayers.....	44.45	.6705	44	.8750	.1955	1.5640	2.875
Carpenters.....	45.09	.4784	44	.6250	.1466	1.1728	1.855
Compositors.....	46.77	.5284	45	.6444	.1160	.9280	2.250
Hod Carriers.....	44.01	.3595	44	.50	.1405	1.1240	1.50
Iron Moulders.....	54.	.3766	48	.50	.1234	.9872	.79
Laborers (Building Work).....	*50.	.2367	54	.2778	.0411	.3288	.02†
Pattern Makers.....	49.60	.4595	48	.6250	.1655	1.3240	1.735
Machinists.....	53.06	.3638	48	.4375	.0737	.5896	.5775
Plumbers.....	44.07	.6121	44	.75	.1379	1.0932	3.06
Masons (Stone).....	44.04	.61	44	.8750	.2650	2.1200	2.875
Stone Cutters.....	44.03	.5467	44	.70	.1533	1.2264	2.19
Painters.....	45.	.4727	44	.5625	.0898	.7184	1.34

* Eight reported cities.

† Compared with street laborers.

tors even within the limited radius of its own factory site; so that through the pressure of these several influences the industry must inevitably succumb.

The predicament of the California manufacturer is indicated by the following table, compiled from the U. S. Census of 1910, which shows the percentage of the total value of the product in thirteen California industries which is paid in wages, as compared with such percentage paid in the same industries in nineteen of the United States (or such of them as are reported), these being the States of Indiana, Connecticut, Delaware, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maryland, Maine, Massachusetts, Michigan, Missouri, Minnesota, New Jersey, New York, Ohio, Pennsylvania, and Wisconsin. These figures, of course, have nothing to do with prices of the output. They show that whatever the prices may be, the percentage of that sum which goes to labor as wages is, except in the two lines noted, from 1/10 of 1% to 11 1/10 per cent greater in California than is paid on the average in such trades in nineteen States. It of course follows, that the prices of the products in California must be correspondingly higher to offset the added cost. It will be remarked that the only lines reported in which California wages are such as to allow export on a basis equal with the rest of the country are the industries related to agriculture, of canning or preserving dairy products and fruits and vegetables. These manufactories are least under the influence of the unions, and labor in them is mostly paid according to the output. Their development has, therefore, been rapid and they have arisen respectively to large export trade. The canned milk industry nearly doubled between the years 1909-10, reaching in the latter year 8,300,000 pounds, while fruit and vegetable canning amounted to 6,259,294 cases, the vegetable output nearly doubling between 1908-10, and that of fruit almost doubling since 1907, with 4,008,549 cases of fruit in 1910. Upon the other hand such industries as lumbering, in which the union or its influence is largely exerted, seem to have declined between the years mentioned (such being the latest figures available). In 1907 the California lumber cut was valued at \$23,640,966. In 1910 it had fallen to \$18,050,000.

Percentage of total value of product paid in wages in thirteen industries in California, compared with such percentage paid in same industries in nineteen States of the United States. U. S. Census 1910, Vol. IX.

	19 States (average)	California.	Excess of percentage paid in California.
Bread and other bakery products.....	15.2	20	4.8
Copper, tin and sheet iron products.....	20.1	27.6	6.5
Men's clothing, including shirts	21.2	22.8	1.6
Flour mill and grist mill products.....	2.7	3.1	.4
Foundry and machine shop products	29.3*	29.9	.6

*The percentages in this trade display great diversity, running from 25.1 in Indiana and 25.4 in Kansas, to 36.6 in Massachusetts and 37.5 in Connecticut. The variance may be accounted for by the superior character of the manufactured output of the industry in the northeastern States as compared with that of the agricultural States noted, which are more nearly similar to the industry in California. In the Atlantic States mentioned there are produced in the shops many mechanisms in which the value of the labor equals or exceeds the cost of the material, such as typewriters and various highly wrought instruments, whereas in California such order of output is not produced. Where the character of the product is about the same in California as elsewhere, as in bakery products and beer, the California laborer receives from 25% to 33% more than the wage share of the product of his compeers elsewhere.

	19 States (average)	California.	Excess of percentage paid in California.
Leather, tanned, curried and finished.....	10.0	11.2	1.2
Slaughtering and meat packing	4.0	4.1	.1
Cars and general shop construction by steam R. R. companies	41.9	48.8	6.9
Butter, cheese and condensed milk	4.3	3.8	.5†
Lumber and timber products	27.4	38.5	11.1
Liquors (malt)	13.8	18.3	4.5
Canning and preserving	14.1	11.1	3.0†
Printing and publishing	22.2	30.6	8.4

This law of advancing prices with rising wages I have heretofore repeatedly explained. It is an incident of the law of economic wage. That is, the wage which the product, sold in a market of free competition, can afford to pay, and which the proprietor is *forced to pay* to get or hold his labor. This latter is determined by the call for labor into other industry; but for this *call* the proprietor would press wages to the line of the laborer's bare subsistence. This was for a long time believed by economists to be the true law. It comprises the "iron law of wages" of Lassalle, and is the principle upon which the labor union exists today. It is commonly believed that but for the union, wages would fall to the limit of bare subsistence of the laborer. It is indeed, only upon this hypothesis that the public tolerates the union at all. If this were widely recognized as untrue, public opinion would suppress the union. But it is in fact wholly untrue, and in the light of this knowledge, the union with its great repressive and compulsive machine is a positive harm to the workman, as it is wholly inefficient to procure for him more than economic wage; this would be freely paid if no union existed. The factor which Lassalle, Ricardo and other economists overlooked was what I call the *door of opportunity*. Just as opportunity to labor abounds or not will wages be good or poor. The door of opportunity is new business, extensions of old business, enterprise, all of which depend upon the free existence in the nation of that quality called *initiative*. It is the opportunity that exists among the people for industry and their disposition to "do things." It has relation to a general state of free conditions, and to complete liberty of the citizen—not untrammelled license, but that order of right which we call *human freedom*, and which I have gone into in my prior writings. This open *door of opportunity* may be expressed in one word, *business*; this is a phrase commonly understood. If there be plenty of business there will be plenty of work; in other words, the call for labor will be active and heavy, and it is this *call* that insures to the laborer that he will get from the proprietor all wages that the product, sold in a free competing market, can afford to pay. It is therefore to the highest concern of the laborer, as well as to the business man, to bring about a condition of permanent great activity in business. Here is the line on which the laborer and the employer stand together, and it is from this line that the measures of reform in legislative and industrial conditions should move. When I say, therefore, that the in-

†Less percentage paid in California.

terests of the employer and the laborer are one and the same, and that if the laborer were shown his true interest, he would stand beside the employer in a joint purpose of bringing about conditions which produce normal business activity. I base my assertions on this fact, viz.: that the laborer, union or no union, can never get higher than economic wage, and that he can best get this in a state of great business activity, which the employer desires, and which can never be had so long as the union exists as an institution interfering with the operations of the law of wages.

And the reason is this: that just as soon as the laborer is paid higher than economic wage, that is, wages larger than the share of the product that goes to labor, that belongs to labor, the added cost is at once charged over upon the product and is collected from the consumer. Not only is it collected, but it is collected plus all the expenses which the added cost entails, viz.: increased cost of capital wherewith to pay the added wage; increase in cost of material; increase in cost of selling the product at higher prices, and so on, this entire process tending to lessen sales, hence lessen products, hence lessen the number employed, hence increase the numbers of the idle army, who again react against product by becoming consumers solely and not producers, and so on and so on. From this single stepping aside from economic law in the realm of wages, there is at once set up a series of changes throughout the whole body of society, much like the waves of vibrations passing through the air when you strike a bell, or the ripples in a pond when you drop a stone, save that these as they recede grow weaker while they get larger, whereas in the social sphere with distance from the foci of disturbance, the waves get larger and *stronger* to do injury.

Let us see now for a moment, how this law of wage works: Jones is a baker selling a one pound loaf for five cents. Out of that one cent goes to labor, three cents to material, and one cent to overhead and profit. Smith, a journeyman baker working for Jones, is not content with a cent for his labor, he wants more and through raise in wages, shortening hours, and "better working conditions" he brings about a state of things that puts the labor cost of the loaf up to a cent and three-quarters. Instead of getting \$3 per day for making three hundred loaves, he now gets \$4.50 in cash, to which is added shorter hours, and "better working conditions." The price of bread in consequence has gone up to $5\frac{3}{4}$ cents per loaf, being $\frac{1}{2}$ cent for increased labor, and $\frac{1}{4}$ cent for increased overhead by reason of the increase in wages. Bread has therefore gone up 16-2/3%. Smith has been spending 10% of his wages in bread, this amounting to thirty cents per day; but thirty cents will now no longer buy the necessary bread for the family; it takes one-sixth more money wherewith to buy the family bread, hence it costs five cents more a total of thirty-five cents. But Smith has one dollar and fifty cents more money with which to pay the extra five cents, so he stands one dollar and forty-five cents to the good, and besides has an easier time at his job, and Smith is very happy. That is the way the union looks at it.

But Stiles, working at tailoring also at \$3 per day for twenty-six days in the month, or \$78 per month, and also spending 10% of his wages in bread, finds that the cost of his bread has gone up five cents per day, in a month \$1.50, the result of which is that his wages by the operation of Smith, have been affected by what is tantamount to a reduction to \$76.50. Stiles does not relish this: he cannot afford to pay \$1.50 per month toward Smith's increase in wages, so he goes to his employer and demands a raise of fifteen cents per day, or enough to bring his wages up to \$80 per month. The employer pays it and charges this increase to his labor on his manufactured product, to wit: clothes; the journeyman butcher does the same thing and up goes the price of meat; the grocery men do likewise and away go groceries; so with the shoemaker, the fuel man, the furniture man, the lumber and building material man, whose products go into the cost of building, the increase of which increases the price of rent, and so on, all the way along the line. Now, since Smith at the bakery spends his entire wages in these things, he finds in a very little while that he is paying higher prices for not only his bread, but for everything else; and that all the way through his costs of living have increased so that he can no longer hold on to the standard of living he had set for himself with his wages at \$4.50 per day, and he must reduce that cost or call upon his employer for more pay. He cannot of course think of cutting down his "American standard of living," so he and his union demand of Jones a still higher wage. Jones pays it, and again bread goes up in price; again also prices rise all along the line and Smith finds himself paying in turn still more for everything he consumes. One day Jones tells Smith he does not need him any more; he has got to cut down help; bread is not selling like it used to sell; people say it is too high; they are eating more corn, oats and other foods, and economizing on wheat bread. So away Smith goes to start the nucleus of the idle army, soon to be joined by Stiles, and the butcher man, pressed out of employment for like reason of contracting market, and providing a spectacle for the union to concern itself over, for the Socialist to cry out against the capitalist Jones about; while poor Jones, oppressed by all phases of difficulties in trying to carry on business, his domestic as well as business costs increased along all lines, presses his nose ever tighter upon the grindstone, and works faster the treadle. Presently along comes to Jones a man like myself who says to him: "Jones, the trouble with you is that you let things get away from you when you allowed Smith and his union to force you to raise wages three-fourths of a cent a loaf. In that day you had a good business and it was increasing; you were taking on men, not letting men off. Stoaks up the street at the delicatessen was buying from you 500 loaves a day to stuff dressed poultry with; now he roasts his fowl without stuffing. Noaks at the candy shop was taking 200 loaves to convert into toasts and confections. He doesn't do that any more, bread is too high. You have lost your shipping trade to Pumpville, where the women are now buying flour and making their own bread to save expense; the same is the case with your erstwhile trade at the Hollows, and at

Jessups Crossing, there the stores are bringing in bread from Nevada, an open shop country, and are getting it laid down for half a cent less a loaf than you demand; all this business is gone; you don't buy half the flour you used to and the mill has cut off half its shift; the barrel factory is shut down for three months; over at Frank's clothing factory they let out fifty hands last week, people are not wearing the clothes they used to; meat has become a delicacy, and Snyder is doing his butchering himself. What you have got to do is to get rid of the union and take the control of your business again into your own hands. What you are dealing with, Jones, is a public matter; the whole of society is being held back in its development and its civilized progress by this condition. Everyone is affected by it. The public will not sustain the union in this sort of thing when they understand it. Every employer will get courage when he knows what is the real trouble and will join hands with us to bring public opinion and the force of law to our aid with whatever legislation we may need in the premises. Take this pamphlet, Jones, and read it; you will find the whole process of how you got into your predicament traced carefully out, so you will fully understand it and see the remedy. Come, let us go to Frank, Snyder and the rest, and get them to join our Economic Association which we have organized to spread enlightenment and correct this condition. It will cost you fifteen cents a year." "Don't talk to me," cries Jones, lifting his hands and bringing them down beside his head smartly on the grindstone, "I'm too busy. I don't have time to read. We've got too many associations now. Your idea is nebulous; these things work around some way and adjust themselves. I'm expecting this town any minute to slide right into the bay. What I'm going to do is to get out of business, and to hell with it. I've got enough for the rest of my life to keep *me* and I'm not going to stay in the game any longer.* That's my answer: come again, I'll think it over."

Manifestly Smith, to have acquired any advantage from his raise in wages, would had to have stipulated that the price of bread should not be raised; and had he done that, there would have been no raise of wages, for his demands for raise would simply have been a demand against the employer's profits, which if granted would have driven the employer out of business, for the latter would not have continued to conduct business in which there was no profit to himself, merely for the sake of employing Smith and his fellow unionists.

The prime fact before the California manufacturer is that he must rid his works of the union, and if necessary to enable him to compete, he must reduce wages. Nor need he feel any compunction about so doing. Reduced wages as I have shown will reduce prices of commodities and this will reduce cost of living in so far as many articles go, and will tend to such reduction in all directions. It will immediately give us larger markets and this will call

*Mr. G. N. Wendling of San Francisco states that there are a hundred men within the realm of his knowledge and acquaintance in the United States, the heads of industries, who have withdrawn from business and become idlers because "business has become a thing which a man would rather get out of than to get into"; the energies of these men have, therefore, been withdrawn from affairs by the plight that has involved industry.

forth amongst us business activities in many avenues; large numbers of men who are now unemployed will be called into service, and the immigration which will follow will further reduce living cost through providing abundance of agricultural products, which in turn will stimulate business.

Why do business men stand here in San Francisco with their hands tied and their tongues silent, and observe the great opportunities for production that exist about them, and for trade across our ocean circumvented or passing into the hands of others elsewhere, or worse yet, not developed at all! Consider that enormous field for traffic, the Orient, that lies yonder facing us, to which we are almost as strange as though it were upon another planet. Contemplate what immeasurable business we would have here in San Francisco and throughout California if the natural course of demand and supply were permitted to have sway. But it is kept away from us by two popular mistakes, viz.: the idea that the higher the wages in the realm of industry the more the recipient receives for his labor; and the idea that a man coming into the country to work takes the job away from the workman here, and lowers wages generally. The immigrant does not and cannot lower wages, he raises wages; he does not take the job away from the workman here, he creates new jobs for the unemployed workmen. This occurs through the immigrant entering production and creating a surplus above his own consumption. This surplus enters industry as *material*, calling upon other labor to work it up into various forms or to transport it for ultimate consumption. The immigrant in industry operates precisely as an increase in domestic population would act under free conditions, that is, the more people there are in co-operative effort, the easier it is for each and all. If this were not the law, if it were an injury to one man for another to come into existence, society would have come to an end long since. Under labor unionism such is a fact, as see the rule against apprentices, the closing of registry books against men entering the city from abroad, and similar operations. A man in Oakland may not come to San Francisco and get a job even though he be a union man and have a card, if there be any union man in San Francisco out of a job, which of course means that the Oaklander may not come at all, while the outlander, the man in the East, is kept away by all sorts of warnings and threats. The point is exemplified in my pamphlets, "Japan's Message to America" and "Our National Tendency and Its Goal." If the law which these writings present were understood by public opinion, there would be an end of immigration restriction and exclusion. As for the idea that high wages in coin means high wages in fact, I have shown the error of that hypothesis. The wages one receives is not the coin but what he can buy with the coin; wages put at a rate so high that the price of the product must be increased to pay it, only harm the laborer who receives them. The era of high wages which began more than a decade ago, has its corollary in the out-of-work army. It has become a great standing army in winter, besetting all cities, and in summer it is a ragged, tramping horde, filling the highways with stragglers. These are people who are completely out of jobs; they are

the helpless element who must needs work under captains of industry if they work at all, who must have work provided for them by the industrial operations of society, who have not the initiative to create jobs for themselves. But there is another class who do not camp behind board fences in winter, or sleep under trees in summer, who are nevertheless, members of the idle army. They comprise thousands upon thousands of us who experience need in varying ways, from actual want to "not having as much as I would like to have," and who can find in their occupations very little to do up to the stage of being "not as busy as I should like to be." In other words, the three-quarters idle, the half idle, the quarter idle. I think aside from the handful who are rich or in safe, comfortable, salaried positions, this latter class embraces about all of us. It certainly includes every man who is in business on his own account, the large majority of whom are struggling to make ends meet. Will anyone say that these are days of general prosperity and abundance in California, when wealth is largely and widely diffused, or that there have been any such days in this State for years past! and if wealth be not abundantly and widely distributed, is it possible that there are some capitalists or monopolists who are getting it all, or flagrantly undue proportions? Where are the great fortunes that are building up in the State today? Who is "making money" anywhere? Several years ago a small group of men made fortunes in the oil fields, but the latest ruling of the Public Utilities Commission in the "oil pipe cases," will about successfully eliminate all repetitions of this sort of thing in the future. So much for the days of high wages.

Let us now turn to the era of low wages in California and take a comparative view of that. This is the decade from 1850 to 1880, or the time of Chinese immigration in California. Who is there living today who can cast his mind over that period and not experience the feeling that those were the days when California was a land flowing with milk and honey; when opportunity abounded, when abundance existed upon every hand, when almost everything was cheap, and when wages, though low compared with the present, were from the standpoint of living costs genuinely high, far higher than at present. These were the days when anyone in business in this State could make money. They were the days of the fortunes of the Crockers, Huntingtons and Stanford, made in railroading; of Phelan in merchandising; of Haggin-Tevis in general business; of Spreckels in sugar; of Flood and Mackay in mining. These and others were great fortunes, while thousands made moderate fortunes and tens of thousands acquired competencies. It was the day of great industries in the State which are now practically extinct; of a boot and shoe industry with twenty-six hundred employees and \$3,000,000 of annual product; of a cigar manufacturing industry employing thirty-five hundred hands, and shipping cigars East by car-load lots; of a woolen industry, producing blankets, shawls, flannels and cloakings, with four mills in San Francisco, eight elsewhere in the State, and an invested capital of four millions of dollars. It was the thin edge of that vast woolen

manufacturing business that was in store for San Francisco and California had we been permitted to have gone forward in our course at that time and Oriental immigration been left undisturbed, when we would have taken in through the Golden Gate the wools of South America and Australia and shipped our product to Asia, and to our own Eastern markets and over the world. Mrs. Coolidge, writing in 1909, says:

"Before the Kearny period the State was fast becoming the chief supply depot for the Western and Southwestern States, for British Columbia and the Hawaiian Islands. The incessant strikes and labor agitations from 1876 onward demoralized the trade and caused a partial transfer to Eastern manufacturers. Some authorities say this was the chief cause of the decline of the trade, from which it has never recovered. Certainly the fact is indisputable that whereas boots and shoes ranked fourth among the manufactures of the State in 1870, today the industry has not even a place among the sixteen leading industries."

With business in all lines of the State rapidly increasing, with white immigration into the State accelerating in great strides,† with our trade with China rising at the rate of six millions per year,* and trade with every other country going forward in proportion, we were moving toward a condition that had it been permitted to have continued would by this time have made San Francisco a city as great as New York, and California a State as great as half the States of the Eastern seaboard. The crime which the foolish disturbers against the incoming of the Asiatic peoples have visiting upon the people of this State in loss and suffering, in deprivation of that which but for this wrongful restriction would have ensued can never be calculated, and this injury continues today; and unless public opinion can be changed by diffusing the light of truth which will cure the evil of immigration restriction, it will in the not distant future bear its fruits in the way which inevitably attends all persistent violation of natural laws. The activity and prosperity of the Chinese immigration period compared with the stress of the present, was due to the single fact that wages then approximated natural as distinguished from the artificial wages now existing. There

† The white population of the State increased in the presence of Chinese immigration from 323,177 in 1860, to 767,181 in 1880; about the same period the Chinese increased from 34,933 to 75,218. The negroes, an unskilled working class, increased during the same period from 4,086 to 6,018.

* Trade between the United States and China, nearly all of which transpired through San Francisco, started in 1850, and by 1860 the imports and exports totaled \$119,000,000. The decade between 1860-70 closed with \$142,000,000, an increase of \$23,000,000 or an advance of 20 per cent. The decade between 1870-80 closed with \$199,000,000 an advance of \$57,000,000 and an increase of 40 per cent. Then came the exclusion laws, enacted in 1883. The decade between 1880-90 showed \$213,000,000, an increase of but \$14,000,000 and an advance of only 7 per cent. The decade from 1890-1900 closed with \$169,000,000, a loss of \$44,000,000 and a decline of over 20 per cent. The trade was seemingly dying out, when the Japanese-Russian war occurred and started a new impetus upon the traffic. The significance of the vast percentages of increase in the China trade occurring at a period as far back as the seventies, may be realized when it is noted that in 1897 the total sea traffic of San Francisco, being imports and exports, domestic and foreign, was \$85,126,791. In 1909 it had increased to \$108,690,619, an excess of \$23,563,928. In twelve years the trade had gone forward at a rate of less than 2 per cent per year. The Oriental trade which had in it the meaning and promise of great business in the future, toward which it was yearly progressing, grew out of the presence of free migration to this country of the Oriental peoples. It was choked off by the laws of exclusion. San Francisco then ceased to be the Oriental *entrepot*, destined to control the trade of the entire Orient, not only with this country but with the world. Since that day the trade, after severe declines following both Chinese and Japanese exclusion, has come forward to some extent; but the increase of trade of the countries of the Orient with the United States has not equaled in ratio their increase with the other foreign nations of the world; whereas, but for exclusion, our trade with them would have shown increases far in excess of their increases with other nations.

was relatively but little difference in wages between here and the East then and now. San Francisco wages were as much as 35 per cent higher than in the East at that time, and they reach about the same percentage higher today. But in that period wages in both parts of the country were lower than they are now, in many instances a hundred per cent lower. It is the artificial high wage which has caused the trouble, and which if unchecked must proceed to its ultimate goal of driving the nation into the Socialized State; for these wages will continuously increase, ever narrowing the field of industry as they arise, producing all the phenomena of decadence in the out of work mass continuously multiplying in numbers, and extending its proportion to the total of population, thus eating as a canker into the very heart of civilization, while the general strain of hard times threads all society. The process of raising wages and shortening hours is moving over the nation with amazing rapidity. Bulletin No. 143 of the United States Department of Labor gives the figures in percentages for a few trades covering a period of seven years, from 1907 to 1913, from which the following table is compiled:

TABLE FOR THE ENTIRE UNITED STATES SHOWING IN PERCENTAGES THE REDUCTIONS IN NUMBER OF THE WORKING HOURS PER WEEK AND INCREASE RATE OF WAGES PER HOUR SINCE 1907 UPON THE BASIS OF WAGES AND HOURS ON MAY 15, 1913, THE LATTER YEAR REPRESENTING 100% OF BOTH HOURS AND WAGES IN 25 DIFFERENT TRADES.

TRADE	Hrs. per wk. in 1907 on basis of 100% in 1913	Wages per hr. in 1907 on basis of 100% in 1913	Per cent. decrease in No. of working hrs. per wk. 1907-1913	Per cent. increase in wages per hr. from 1907 to 1913
	%	%	%	%
Bakers (first hands).....	123.0	78.09	23.0	21.01
" (second hands).....	108.5	75.06	8.5	24.01
" (third hands).....	112.6	66.08	12.6	33.02
Building Laborers.....	102.6	90.07	2.6	9.03
Carpenters.....	101.3	88.04	1.3	11.06
Cement Workers.....	102.8	92.00	2.8	8.00
Hod Carriers.....	103.1	93.02	3.1	6.08
Painters.....	102.6	84.07	2.6	15.93
Plumbers.....	101.4	88.00	1.4	12.00
Steam Fitters.....	102.4	84.9	2.4	15.10
Stone Masons.....	101.8	91.3	1.8	8.70
Structural Iron Workers.....	103.2	87.4	3.2	12.60
Granite Cutters.....	103.3	90.2	3.2	9.80
Blacksmiths.....	102.9	87.9	2.9	12.10
Boiler Makers.....	101.8	85.6	1.8	14.40
Iron Moulders.....	101.8	88.0	1.8	12.00
Machinists.....	102.8	89.8	2.8	10.20
Core Makers.....	103.0	82.3	3.0	17.70
Pattern Makers.....	103.4	88.7	3.4	11.70
Bookbinders.....	112.5	83.4	12.5	16.60
Compositors (Book).....	100.0	88.6	0.0	11.40
Electrotypers.....	104.6	82.1	4.6	17.90
Press Feeders.....	110.9	79.4	10.9	20.60
Pressmen (Cylinder).....	106.4	81.6	6.4	18.40
Sheet Metal Workers.....	101.9	84.5	1.9	15.50

These figures, while they stretch between two periods, are not the result of sudden rises; the changes show a graduated though rapid movement, not an avulsion. The wages go higher and higher, step by step, year after year, throughout the whole recorded period. Take the sheet metal workers, for instance: treating 1913 as the basis the figures run higher, as follows: 1912, 3.8%; 1911, 4.6%; 1910, 7.9%; 1909, 11.2%; 1908, 13.4% 1907, 15.1%; and presumably if the figures were carried further back they would show relatively the same phenomenon. Consider what this will mean for the nation should it continue for fifty years; and what is fifty years in the life of the nation? Is it not apparent that this operation will draw a crisis? We can compute its approach. Ascertain the number of the perennially idle and casually employed multitude in proportion to the total population of the country, and watch this number extend its proportion year by year; parallel this with the concomitant growth and extension of the functions of the State to absorb industry in order to give people work, and you will get a fair idea of how long it will take to evolve the socialist state, and to blot out civil liberty with centralized despotism. In 1907 the casually employed of London, the people who get from one hour to two or three days work out of seven days, totaled 7 per cent of the population. The whole of England, clutched in the iron grasp of unionism, contained over a million registered paupers—people who did not know from where they would get another meal; and this gangrene was pushing rapidly forward into the whole bulk of the people. One would not have to be very wise or knowing to estimate the distance in time when God in His mercies would send them war to kill off some millions of them and destroy their properties, so that in the business of reconstructing there would be something amongst them to do that would enable the enlightenment that they possessed to keep each other from starving, and to rescue their civilization from its retrograde movement into the beast.

While the figures of the above table show astonishing rises of wages, and serious, if not alarming shortening of hours yet their real force cannot be realized without reference to other figures which are wholly absent from the Department of Labor reports, that is, tables of the relative outputs per man corresponding to the respective rates of wages and hours. To some of this rise in wages, and even possibly in some instances to shortening of hours, the laborer is legitimately entitled; this is where labor-saving machinery has entered the industry and brought to the laborers ability to perform a vastly greater service with the same or a less degree of effort. Take, for instance, the introduction of the pneumatic riveting machine. Prior to the use of this mechanism bolts were driven by hand, a riveters' gang comprising two drivers and a boy as heater. The men were paid by the rivet. The air driver did away with one man and doubled the number of bolts theretofore driven by the two men. The men were still paid by the bolt, but a man with a machine could make more than by hand, though he was paid less per bolt. Here the man was exhausted at evening with his ten hours of

arduous toil; the machine came along and gave him more money with less effort in a shorter day and with a vastly larger output. The true test of what wages the riveters working at the machine would be entitled to receive would have been what the riveter could have been gotten for in a free condition of industry without the interference of the union. The machine has often lowered wages, or would have done so but for the union establishing an artificial price. Take a performance requiring particular skill at which the laborer has arrived through long servitude; a machine comes into existence which performs that feat by moving a lever. A boy may do this; yet under the rules of the union the expensive man, otherwise displaced by the machine, would have to be put at the lever at his full, and possibly at increased pay. Natural and free industrial conditions would put the boy at the handle and turn the man to some employment equal to the powers of his mind, not stunt the latter in its further development by enslaving him at a trivial thing. With calls for labor everywhere, such as free conditions would create, this man could find ready and remunerative work, so that he would suffer no hardship through being displaced by the machine, the effect of which on industry is to create greater abundance of wealth, hence a larger field of employment.

Under natural conditions wages would gradually rise while prices lowered, and hours of labor would also fall to some reasonable fixed number. It might be ten, or nine, or may even be eight; for assuredly there is no requirement, under the development which industry has attained through its mechanisms and methods, for men working from sunrise to sunset, as was the case in the earlier eras of the country.* But the unions fix no number of hours as a declaration of the ultimate day's work. In my "Industrial Unrest" I note the Socialist orator who advises us that it has been authoritatively computed that if every one turned to, with the existing equipment of mills and systems, and worked daily for twenty-five minutes, there would thereby be sufficiently produced for all the needs of society. They wish less working hours, always less, with no definition of where the stop shall be this side of zero. Long before the processes of the union shall have reached whatever ideal of hours may be their goal, the direction shall have been broken by war. The aim of the union is not a settling down to rational hours as would attend the natural and free course of industry, but it is thrust to the farthest extent for the very purpose of lessening output, upon the false assumption that scarcity of product is necessary to maintain demand for reproduction, for replenishment of supply; for, to the concept of the union, it is through this that demand for labor, hence opportunity for employment, arises. It is the business of the union to keep things scarce in order that there shall always be an active call for new supplies. I have explained the mistake of this quite fully in my prior writings, and shall not enter upon it here. It instances one of the many errors into which industry and business is led by the false economic doctrines

*See McMaster, "History of the People of the United States," Vol. V, page 85.

of the union. Upon the whole, however, it may be said concerning the figures of the above table, that they show wages pushed and hours depressed far beyond the natural line to which they would rise and fall under free industry, and display a condition only possible through the union which, as I have stated, if not checked through an intelligent comprehension by the business world of the forces it has set in motion, will change the character of industry in the direction and with the consequences I have shown.

It is not to be asserted that during the period of Chinese immigration no people were out of work in California. Seasonal unemployment has always existed. In the East this is due to cessation of building operations in winter; during bad weather bricklayers cannot lay brick; when the ground is deep with snow, foundations are not dug; on the Great Lakes shipping has ceased in winter, for the lakes are frozen. In California as elsewhere there is a period when ranch work subsides and throws large numbers of men out of employment. Under society governed by true economic laws, such as our Association is endeavoring to bring about, where the demand for labor is always greater than the supply, winter would be the period of most activity in the factories, for then plenty of men could be had; while during the balance of the year the country would call them forth. The laborer would work during the winter in the city and during the spring, summer and until after harvest, on the farms throughout the State. Unemployment, seasonal or other, is a proper subject for consideration of the State, and the proposals now in Congress to move the post-office system to bear on bringing men needing jobs and jobs needing men together, is a proper State function. Diffusion of information is always the rightful province of the State, and falls under the head of public safety; whether such information be the education of the child, the papers of the Agricultural Department on "How to Stack Hay," the consular reports on where to sell goods, or the Department of Labor or postoffice advices on where to get a job—all fall within the true scope of government, and are in no sense an incursion upon the rights of the individual, as always is the case when government enters upon the performance of utilitarian business, or tries to curb the profits of the operators ensuing therefrom.

There was, however, from time to time loud assertion in San Francisco during the Chinese immigration period of men in large numbers out of work,* when in fact no such condition existed. That any one was out of work was always charged to the fact that Chinese were employed.

*The San Francisco *Bulletin* stated in 1878 that Chinese cigarmakers were receiving \$6.00-\$6.50 per 1,000 as against \$4.00 per 1,000 paid in the East. In 1885 the wages of Eastern male cigarmakers ranged between \$1.50 in West Virginia and \$2.25 in Connecticut; of female cigarmakers between \$1.00 and \$1.50. In California the wages of white men averaged \$2.00 per day and of Chinese in factories from \$1.00-\$1.50 per day. During this year the White Labor League of California asked the cigar manufacturers to replace Chinese makers with white men in order to give work to the unemployed. Twenty-one firms agreed to do so provided the whites were competent men and agreed to pay the union prices of New York City. It was at once discovered that there were very few unemployed cigarmakers in California and the unions sent East for men. Four hundred came out on this agreement to work for one year, and 109 came on their own account. Two hundred and forty returned East shortly; the manufacturers said because they were incompetent, the unions said because the manufacturers violated the agreement. Shortly afterward the remainder of the imported men demanded an increase in wages; the manufacturers thereupon reduced the number of white employees and re-employed Chinese.—Coolidge, page 367.

If a Chinaman had a job and a white man had none, it was assumed that but for this Chinaman the white would have that job; and the Chinese were looked upon as the prime causes of any labor idleness that existed. This, it can be seen, was not true. The Chinese have disappeared and the idle army has increased, not lessened.

We can see, therefore, that what is necessary for the California manufacturer to do to bring himself equal to his Eastern competitor is to eliminate the union from his establishment and put his business on a scientific basis, paying according to labor performed and adjusting wages to meet his competition, so he can manufacture and compete, not only here but in whatever market it should be fitting for him to enter. If he cannot get the labor at the wage he offers, that is, if labor otherwise desiring to be employed is not willfully held from him by the unions, he then knows that he ought not conduct the business in the field he is trying to occupy. Such would mean, simply, that labor can get more wages in other occupations, and that his competitor has some advantage in bringing forward the product that he does not possess. Natural advantages should properly bestow upon a producer a benefit in the face of competition. Factories should be located at sites where they can, under free conditions, produce cheapest and best.

In this matter of eliminating the union as an interference and readjusting wages, the manufacturer need have no apprehensions of the union. He has the ability to bring to his aid a force, the most cogent in existence, whose power neither the union nor any other influence can successfully oppose. This is the force of public opinion. The manufacturers, coördinating with employers generally throughout the State, as could readily be done through the instrumentality of the several employers' organizations now existing, could by simply declaring their purposes and presenting their employees with their conditions, bring about a régime which would at once free industry. A clear and distinct statement of the condition which the factories have to meet and the necessities for their act published in the newspapers would move public opinion to the side of the employer. The people of California will not tolerate a condition which shuts this State out of the field of manufacturing and holds it down to agriculture and the fabrication of quick-perishing products merely because employees demand a wage rate which the industries cannot pay. And they will be prompt to rebuke in all the ways that popular disapprobation is evoked those who make such demands when they have knowledge that forced high wages mean simply high prices and do not benefit the laborer, while they contract the industry, keep thousands out of employment and hold down business in all directions through lessening the product. The method of calling upon public opinion in labor disputes, of adopting the public who must suffer the effects of a labor disturbance as a third party to the contest, is by no means a suggestion originating with me. It is the basis of the laws of Canada of which Mr. W. L. Mackenzie King is the author,

and their application to practice has been productive of most satisfactory results, both the employer and employee so demeaning themselves before a forum where conscience, fairness, public interest and common sense are the criterions, that the grounds of disagreement between them disappear and settlements are made before publication of the conclusions of the investigators becomes necessary.

It can, therefore, be seen that the rise of our California manufacturing, of our shipping and all that flows from these industries, is really a simple matter. It requires merely a unification of the employers of the State, now already organized in their several associations and federations, their resolve to put into effect elimination of the union in so far as the industries are concerned, and to place wages at rates that are necessary to enable their goods to enter the markets which are properly tributary to this State; and in this operation to make a clear, fair, terse statement to the public of the necessities which require this act. The undertaking should be proceeded by a period of education of the public along the economic lines as regards wages and as regards trade, such as is now being conducted by the Business Men's Economic Association, and to this endeavor, in support and facilitation all employers should unite, for the active interest and effort of all is necessary. This is the only possible way that the great problem which is overcoming our manufacturers can be solved, and if it be not solved the forces now in full play will go on, not only to the suppression of the larger manufacturers of our State, but to the wreck of all business through the turning of nearly all utilitarian affairs into the hands of government along lines of Socialism, and the practical suppression of liberty as we have been wont to enjoy it, as I have shown in the "Industrial Unrest."*

Our attitude toward the laborers and their unions in this movement must not be taken as antagonistic. We do not wish to "fight the union," to get out with chips on our shoulders and combat them by main force. The employers will assert in the field of their operations that order of knowledge and action thereupon, which belongs to their positions as proprietors and employers. The very fact that they are the heads of businesses imports a higher order of knowledge, of executive ability, than is possessed by the men whom they employ. It is not expected of the help that they shall have the administrative talent, the wise and experienced view of things as exists with the heads. Hence, in these great questions we are considering the laborers do not know, and are not to be expected to know, what is for their benefit. Were they so imbued with wisdom they would not be laborers, but would be severally occupying stations of a higher grade in society. The lowering of wages, and at the same time lowering the prices of the manufactured commodity (for the two must go together) in order that the

*Note on page 18 of *The Industrial Unrest*, the circumstance of the business men of England raising \$250,000,000 to defend themselves against the mass strike being shaped up to take effect in 1915, and which undoubtedly would have been "pulled off" had it not been for the war. In a small and highly industrial country like England the operation and effects of the trades union principle may be observed with more clearness than in a large nation like the United States. It is shown that when the unions attain a certain development they coalesce and become highly syndicalistic, i. e. anarchistic, and so, in a solidified mass, enter upon battle with the whole of society.

manufacturer may hold and extend his markets, thereby giving employment to more men, would be an operation not harming, but benefiting the laborer; and, as I say, would be supported by public opinion, for such would mean lower prices, less cost of living, and great business activity. It is hence a part of the fund of knowledge with which the employer must necessarily be equipped in order to successfully operate his business, that he shall be advised upon the economic matters we have discussed herein. Understanding of these matters, while in the highest degree needful to be applied to the separate business of the individual proprietor, is at the same time commonly needful to all employers, and so unites the entire body into a close knitted community of interest and accord. For any employer, being ignorant of these economic laws, to reject their knowledge when proffered, as is typified herein by the figure *Jones*, is not only absurd, but it is execrable; it at once destroys his dignity and scope as an employer, and degrades him to a nameless level—an indifferent, irresponsible *Sans-gene*, far below the status of his employees, for they in their unions are in very truth guided by a body of economic principles, albeit they are false economics—that phase of economics which presents the *appearance* and not the truth, which latter can be reached and seen only through deduction. Accordingly the unions are pushing their positions conformably to their lights and to their concepts of their interests. They have done this, have evolved into this, solely because the employers have neglected to do their part, which was to study these questions, find out the correct course to pursue and set the directions upon that course for the guidance of all. The employees, hence, cannot be blamed for their attitude notwithstanding they are wrong. It rests with the superior wisdom and abilities of the employers, who are in law and in truth their masters, to show and assert the right, the way that is for the common benefit of both employer and employee and for all society; and when the employer proves derelict to this position, willfully refusing to assume and perform this duty, and stupidly rejects the proffered information as to these laws, not only is he unworthy of any consideration in the presence of the destructive forces that are moving upon him, but as a social entity and agent he is in every respect reprehensible.

Here, then, it may be remarked, my conclusions are in opposition to any legislation of any kind against the Easterner aiming at keeping his goods out of the State, or any line of movement trying to develop a differential taste for our home-made goods at higher cost on the score of sentiment. I recommend the abolition of protective tariffs, the repeal of immigration restriction, and the elimination of the union from industry, compelling it to confine its activities to benevolent objects among its own members, and to creating amongst them by a spirit of emulation, superior workmen who will be willingly paid higher wages than others, but because they perform more and better work. When the union attains this status in the field of industry, its members standing upon their own rights and

respecting the rights of others, basing its title to respect upon its merit and not upon force, it will then possess a dignity and be paid a deference which is withheld it now. Its members will be the true aristocrats of labor, enjoying the highest wages, which will then be real high wages for they will buy in a constantly lowering market, instead of as now in a constantly rising one; while their wages, being based on economic law, will never decline, but will from thence on slowly rise.

Could any proposals than these I make be more unpopular in San Francisco today? They are in the very teeth of all the education that San Francisco has ever had upon these public questions. But manifestly our city and State is deranged and sick, and this Business Men's Economic Association was organized to show what is the matter. It cannot do so by pandering to ignorance, to bias and to folly; it must pursue the line of natural law, of economic truth, wherever it may lead, and trust to the common sense of the people to give effect to the way when shown. In dealing with economic law, we can no more swerve to the right or the left, than can a just judge in ruling upon municipal law. To do so is false and craven.

And it must be noted that the several measures opposed are all restrictive, whereas their opposites for which we contend are in behalf of liberty. Free trade, free intercourse or migration, free industry. Our trouble is that human freedom has been circumscribed and denied. We have been loading ourselves with shackles, tying our hands in all directions upon the assumption that to deny ourselves liberty was for our benefit. A century ago men were held in chains by privileged governing classes, who conceived that they severally were advanced by enslaving the people. Our fathers fought themselves loose from this bondage and founded this republic upon principles of individual liberty and human freedom, shaping an organic law which they deemed would secure to their posterity the blessings of those rights for which they had shed their blood. We here, possessed of this heritage, have permitted ourselves to become bound in lashes, not by a privileged governing class, but by our own ignorance, our stupid indifference to the phenomena going on about us. This can no longer be permitted to continue without disaster, not only to business and property, but to society and to the nation. The forces now at work have only to be let alone to drive the nation and its several States into that same order of autocracy and despotism from which our ancestors emerged through revolt and the expenditure of countless lives. It is altogether a question as to whether we have the intelligence and energy to see and correct these wrongs and put California on a safe basis. If we have not there is a provision in nature which will attend to things for us later on, in that summary and stern way with which she always deals with derelictions and their doers, and which may be understood through my forthcoming pamphlet "*War and Business.*"

WRITINGS OF JOHN E. BENNETT

BOOKLETS

The following are short articles published in a form to be easily carried by the ordinary business envelope, together with a letter, under a two-cent stamp.

What Will Become of Business?

Being an abridgment of the pamphlet, **THE INDUSTRIAL UNREST**, and designed for use as either an introduction to the reading of that paper, or as a synopsis of it for the requirements of the busy man.

The End of Business

A short essay upon the passing of the employer's right to discharge an employee, hence to maintain control over his business; the incident vesting in the employee of a property right in the employer's establishment by virtue of the induction of the employee therein, and the attitude of the government of the United States through its Department of Labor in reference to this demand. The effect such principle must have upon business and statement of the needful changes in the industrial and political world to restore freedom and bring prosperity to industry.

An Erroneous View-point

Showing errors of the popular ideas of remedies for the industrial unrest, in which erroneous views many heads of large businesses are, through ignorance of the principles of correct solution, now concurring. A discussion of the relation of idle industrial armies of America to the active military armies of Europe, and of the prevailing indisposition to regard industrialism as a structure workable on lines of natural law.

The Next Pamphlet

The forthcoming pamphlet is entitled **War and Business**. It will be a discussion presenting a solution of the vexed question of further armament on part of the United States, which now threatens not only to convert many thousands of our youth into soldiers, burden business with increased taxes to support the waste of munitions, but is preparing the soil for the blood of our children if not of many of ourselves and of those who are now our friends, clients and customers, whose duty it will then be, through no fault of theirs or ours, to shoot us, and we them. Incidentally this paper will present what is confidently asserted as the rational policy and determination of the whole world's peace question, which has occasioned so much controversy, without the result of stopping war, throughout the world.

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